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SUBJECT: KARBALA: IRAN EXERTS HEAVY INFLUENCE THROUGH
TOURISM INDUSTRY

REF: BAGHDAD 2316

Classified By: Deputy Political Counselor Greg D'Elia for reasons 1.4 (b) and (d).

This is a PRT Karbala Reporting Cable

¶1. (S) Summary: Since Iraq's liberation, Tehran has sought to increase its sway within Karbala and other key Shi'a holy cities. Iranian agents make use of direct payments and business favors to ensure that provincial government figures remain compliant and favorably inclined to Iranian interests. Shamsah Travel and Tourism, the dominant organization handling Iranian pilgrims, is reportedly a front for Iranian authorities and intelligence activities. While local politicians and businessmen at times contest Shamsah's reach, its influence is pervasive. End Summary.

Iran's Karbala Campaign

¶2. (S) As the site of Imam Husayn's martyrdom, and the birthplace of the twelfth imam, Karbala holds tremendous religious significance for Shi'a Muslims in general and Iranian "twelvers" in particular. Iraq's liberation in 2003 has led to a dramatic increase in travel from Iran, providing Tehran with the opportunity to increase its control here. Iran's Karbala campaign can be divided into two phases, according to knowledgeable contacts. The first, beginning with the liberation and lasting until 2006, featured the ham-fisted backing of militias such as the Jaysh al-Mahdi (JAM) and the Badr Corps. As it became clear that Karbala residents were fed up with violence and blamed Iran, Tehran shifted to the more subtle tack of using its funds to build relationships with local government officials in order to solidify the central role of Iranian businesses in the province -- especially businesses servicing the estimated one million religious visitors per year traveling to Karbala from Iran.

¶3. (S) By stressing its religious duty to help maintain the shrines of Imam Husayn and Imam Abbas, and its obligation to look after Iranian citizens here, Tehran is able to dress its Karbala operations in the cloak of legitimacy. According to government and private-sector contacts, the mechanism through which it exerts its influence is Shamsah Travel and Tourism. They describe Shamsah as an umbrella organization comprising some 2,500 Iranian companies, closely linked to the Iranian Government. Because of Shamsah's reported size and reach, and because our contacts in local government and the tourism industry are adamant that it faces no competition from other Iranian entities, we believe Shamsah is identifiable with the Kosar Organization. Described by the National Council of Resistance of Iran as the soft arm of the Qods Force, Kosar is designed to set up logistics support for Iranian agents through business and charitable activities.

Shamsah's Agents

¶4. (S) Out of 170 hospitality enterprises (hotels, restaurants, travel and tourism businesses) that applied to Shamsah in 2007 for the opportunity to provide services to Iranian visitors in Karbala, only six were selected initially. Contacts report that Shamsah's primary agent is a 50-something former resident of Kut named Kareem al-Musawi. He operates two tourism companies selected: Al-Diyar and Al-Janoub. Described as motivated by money, he also owns several hotels, a mineral water company, and a dairy. Some of these businesses allegedly were financed by Tehran, along with homes in the Islamic Republic that he visits regularly. Al-Musawi is widely perceived here as having access to "unlimited" Iranian funding. He distributes 10,000-dinar (800 USD) "grants" to the poor and is believed to financially support Provincial Council (PC) Acting Chairman Abd al-Al al-Yasiri (ISCI), according to multiple contacts in local government.

¶5. (S) Another important Shamsah agent is Mohammad al-Yakubi, a Fadilah-affiliated PC member. He controls the Al-Rafideen and Qasr al-Mustafa tourism companies here and is the uncle of Hamoud Mohsen al-Yakubi, chairman of the National Tourism Committee. A third Shamsah agent identified by our contacts is Abd al-Kareem al-Unayzi, a Da'wa-affiliated member of the Iraqi Council of Representatives (CoR). He owns the Al-Taf Travel Agency in Karbala. The sixth hospitality business Shamsah selected is the Jarash Company; our contacts do not know who owns it.

¶6. (S) Within the last six months, Shamsah reportedly selected two more local affiliates: The Sadr

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organization-controlled Al-Sununu Travel Agency and the Al-Manar Company for Tourism, which is owned by Hadi al-Amari, chairman of the CoR's Security and Defense Committee. The eight companies selected by Shamsah agreed to arrange to house, feed, and transport Iranian pilgrims for 136 USD each for seven days (four nights in Karbala and three nights in Najaf), according to our contacts. As the primary agent, al-Musawi receives 25 USD out of every 136 USD payment and, in exchange, coerces local hotels into servicing the Iranians for 111 USD each, even though this amount barely covers costs. Our contacts report that al-Musawi threatens to withdraw the Iranian business if the hotel owners balk; with the majority of visitors to Karbala coming from the Islamic Republic, hoteliers face a Hobson's choice between empty rooms and rooms full of underpaying guests.

The Central Kitchen

¶7. (S) In early 2007, Shamsah opened the Central Kitchen (aka the Iranian Kitchen) in Karbala. Publicly, at least, the idea was to provide Iranians with food to which they were accustomed; Persian pilgrims supposedly had complained that they could not stomach the local Iraqi fare. In the run-up to last year's Shabaniyah observances, local hoteliers, butchers, and green grocers -- seeing the Central Kitchen, with its imported foods and workers, as an intensification of Shamsah's threat to their livelihoods -- complained to Abd al-Mahdi al-Karbala'i, Grand Ayatollah al-Sistani's deputy. Al-Karbala'i contacted the PC, which then voted to close the Central Kitchen. Al-Musawi countered by lobbying individual PC members -- particularly al-Yasiri -- and prevailing upon the eight local companies with which Shamsah does business to write to Governor Aqeel Hamoud al-Khazali asking for the PC's decision to be overruled. Our PC and tourism industry contacts claim that Iranian Ambassador Hasan Kadhumi Qomi personally lobbied PC Tourism Committee Chairman Hasan al-Furati, and that al-Musawi threatened to "crush and kill" some of the hotel owners (Note: One hotel owner told us that he was informed by a friend at the Interior Ministry that a "file" had been opened on him at al-Musawi's behest and that his case was being examined by Karbala intelligence

chief Gen. Razaq, aka "Abu Amal," who belongs to ISCI/Badr.
End Note.)

18. (S) In response to the lobbying and letters, Aqeel asked Karbala's Hotel and Restaurant League for its opinion on the Central Kitchen. The League responded that its members had no objection to the Central Kitchen per se, but insisted that it use Iraqi workers and purchase food and supplies from Iraqi vendors. The PC, meanwhile, formed a special committee, led by member Hamid al-Turfi (ISCI), to study the issue. In January, 2008, al-Turfi's committee upheld the decision to close the Central Kitchen. It defiantly remained open until March, 2008, when it forcibly was closed by the Iraqi Police.

Comment

19. (S) As many Karbala pilgrims inevitably hail from Iran, the dominance of an Iranian-connected company should not surprise, though Shamsah's coercive methods and reputed proxy intelligence role send a disturbing signal. Acting PC Chairman Al-Yasiri's incompetence (see reftel) and the Central Kitchen brouhaha show that Iranian actors in the region, economic or otherwise, are not infallible. PRT has concerns that Shamsah Director al-Musawi and his confreres are hard at work lining the pockets of likely candidates in the provincial elections. Al-Yasiri's survival to date, attributable to the PC's failure in several attempts to assemble a quorum for a vote to oust him, wryly has been described by some here as a "miracle;" official contacts suggest Iranian money convinced some members not to appear. The longer that provincial elections are delayed, the more time Tehran and its local allies have to cook up similar, unpleasant, surprises. End comment.
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